

A dynamic background image showing water being poured from a glass, creating a large splash with many bubbles. The water is clear and bright blue. The background is split into a white upper half and a light blue lower half, with a dark blue curved shape at the top right and a green vertical bar on the far right.

# Victorville Water District Water Rate Study

*Workshop*

**February 16, 2016**

*Presented by*

**Kim Boehler, Associate Director, NBS  
Greg Henry, Utility Rate Analyst, NBS**

# Overview of Presentation

- **Overview of Financial Plan Alternatives and Capital Improvement Program**
- **Reserve Fund Discussion**
- **Financial Plan Alternatives**
- **New Rate Alternatives**
- **Bill Comparisons**
- **Next Steps**

# Overview of Financial Plan Alternatives and Capital Improvement Program

# Financial Plan Alternatives

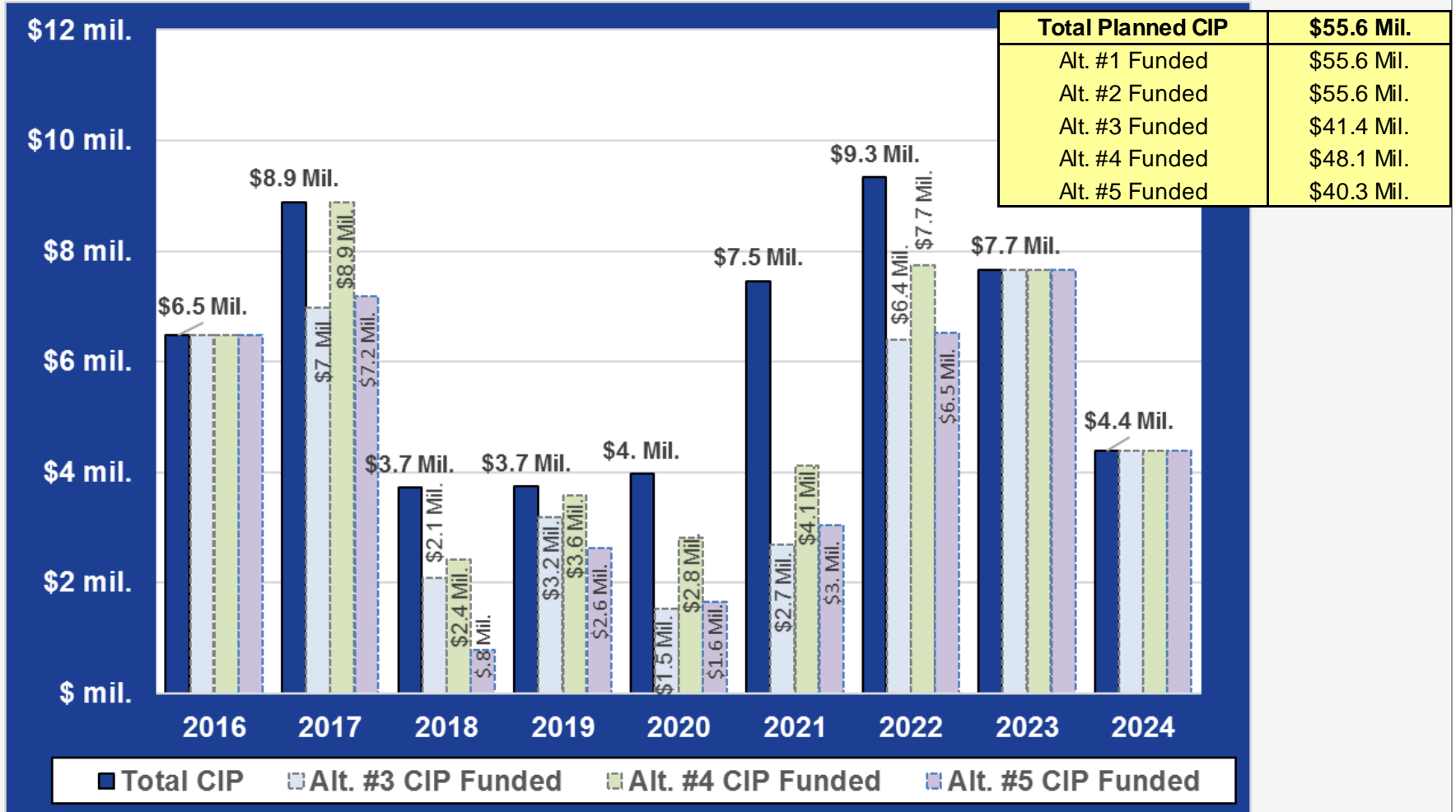
## Alternatives for Consideration:

Financial Plan Alternatives	Proposed Rate Increases				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Alternative #1	6.25%	6.25%	6.25%	6.25%	6.25%
Alternative #2	0.00%	9.25%	9.25%	9.25%	9.25%
Alternative #3	4.00%	4.00%	4.00%	4.00%	4.00%
Alternative #4	5.25%	5.25%	5.25%	5.25%	5.25%
Alternative #5	0.00%	5.25%	5.25%	5.25%	5.25%

## Un-Funded Capital Improvements:

Financial Plan Alternatives	\$-Amnt. Of Un-Funded Capital Improvements					Total Un-Funded
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	
Alternative #1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Alternative #2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Alternative #3	\$ -	\$ (1,909,620)	\$ (1,639,091)	\$ (562,754)	\$ (2,434,476)	\$ (6,545,940)
Alternative #4	\$ -	\$ -	\$ (1,311,272)	\$ (168,826)	\$ (1,159,274)	\$ (2,639,373)
Alternative #5	\$ -	\$ (1,697,440)	\$ (2,950,363)	\$ (1,125,509)	\$ (2,318,548)	\$ (8,091,860)

# Capital Improvement Program



Note: See detailed attachments (pages 14-15) for a list of projects scheduled for each year.

# Capital Improvement Program, continued

## Planned Capital Expenditures Needed to Maintain Current Level of Service:

Project Description	Year Scheduled for Completion	Planned Cost	% of Total CIP Costs
Backhoes	2017, 2020	\$ 649,476	1%
Booster Pumping Stations	2017	\$ 1,846,100	3%
Demonstration Gardens/Low Water Use Conversions	2016	\$ 145,000	0%
Facilities Improvements	2017	\$ 466,500	1%
Fiber Optic Upgrade	2016	\$ 85,000	0%
GIS Mapping	2017	\$ 154,500	0%
IVR Telephone System Enhancements, Phase II	2016	\$ 81,500	0%
Master Plan - Update	2017, 2022	\$ 410,858	1%
Meter Replacements	Annual	\$ 1,011,000	2%
Ph Analyzer	2016	\$ 5,000	0%
Phone System Upgrade	2016	\$ 16,009	0%
<b>Pipelines</b>	<b>Annual</b>	<b>\$ 43,063,989</b>	<b>77%</b>
PRV Stations	2021	\$ 347,782	1%
Pump to Waste	2017	\$ 426,600	1%
Right of Way Relocations	Annual	\$ 2,330,000	4%
SCADA - Replace PX	2016	\$ 12,000	0%
Instruments and Machines	2018	\$ 194,771	0%
Truck/Vehicle/Equipment Replacement	Annual	\$ 3,612,591	6%
Urban Water Management Plan Update	2016, 2021	\$ 107,964	0%
Vulnerability Assessment Update	2016	\$ 20,000	0%
Well Re-equip	2016	\$ 450,000	1%
Work Order System	2016	\$ 207,000	0%
<b>Total: Capital Improvement Program Costs</b>		<b>\$ 55,643,640</b>	<b>100%</b>

**Primary CIP Cost is Pipelines**

# Reserve Fund Discussion

# Recommended Reserve Fund Targets

- ✓ **Operating Reserve** - Equal to 90-days of O&M Expenditures, or \$5.6 million (in FY 2015/16).
  - Based on 25% of \$22.5 million in Operating Expenses.
  
- ✓ **Capital Rehabilitation & Replacement Reserve** – Equal to 3% of Net Assets, or \$5.3 million (in FY 2015/16).
  - Based on a Net Asset Value of \$178.2 million at the end of FY 2014/15 (per VWD 2015 Financial Statements), plus the value of capital additions and depreciation.
  - 3% of Net Assets is based on an average of a 33-year replacement cycle for system assets.



# Beginning Cash Balances - FY 2015/16

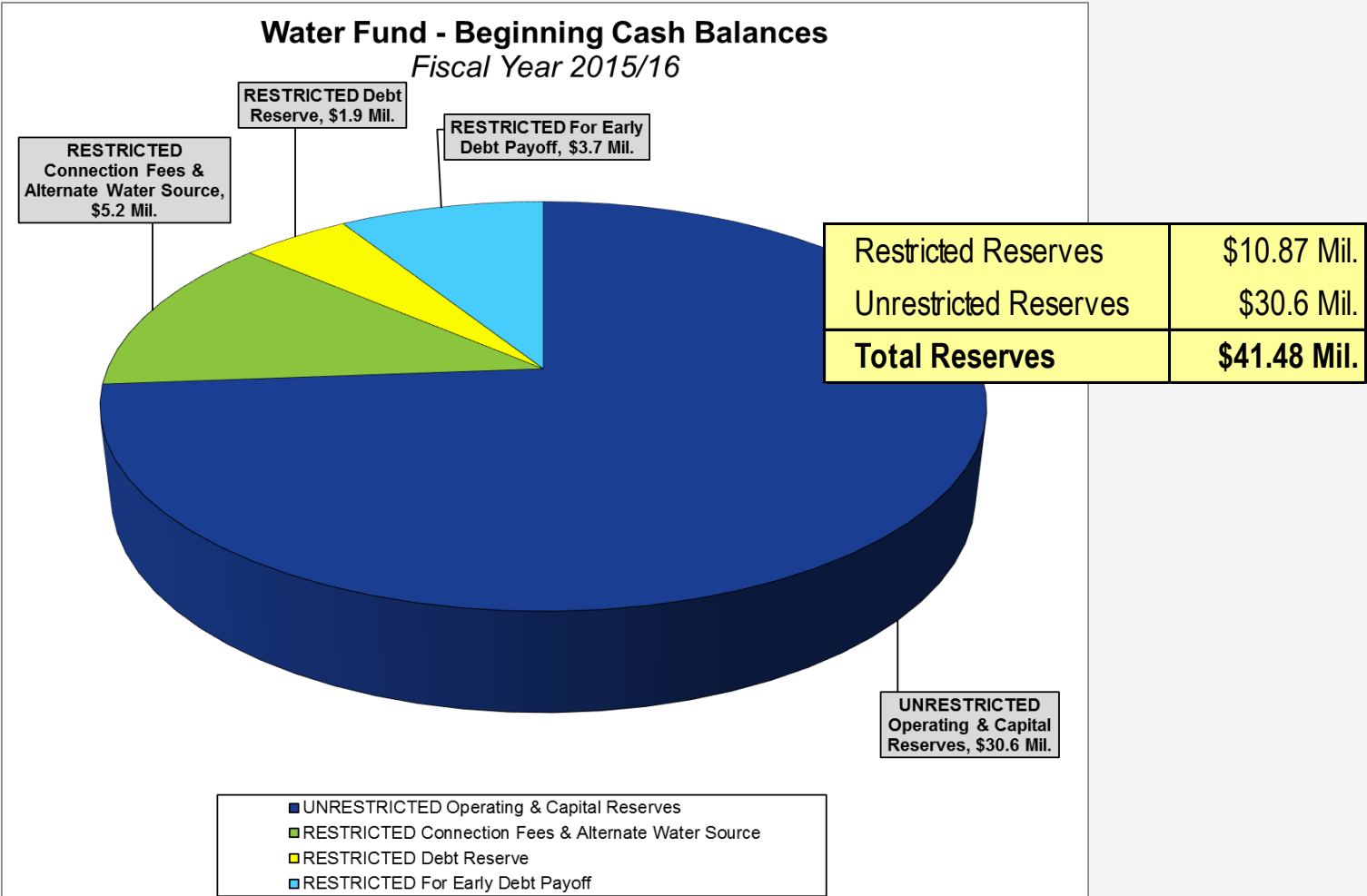
Victorville Water District Cash Reserves <sup>1</sup>	Beginning FY 2015/16
<b>Restricted Reserves:</b>	
Connection fees and Alternate Water Source Fees Balance	\$ 5,227,435
Reserved for Debt Service	3,696,198
Fund with Fiscal Agents	1,949,500
<b>Subtotal: Restricted Reserves</b>	<b>\$ 10,873,133</b>
<b>Unrestricted Reserves</b>	<b>\$ 30,602,780</b>
<b>Water Fund Total Cash</b>	<b>\$ 41,475,913</b>

1. Provided by City Finance Department, 2/8/2016.

**Operating + Capital Reserves**



# Beginning Cash Balances - FY 2015/16, cont'd.



*Note: Breakdown between restricted vs. unrestricted reserves provided by City Finance Department.*

# Financial Plan Alternatives

# Financial Plan Summary – Alternative #1

Financial Summary	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Rate Revenue <sup>1</sup>	\$ 18,014,800	\$ 19,255,569	\$ 20,581,797	\$ 21,999,368	\$ 23,514,574	\$ 24,984,235
Other Revenues	3,102,770	1,695,284	1,720,566	1,765,486	1,811,235	1,879,132
O&M Expenses	(22,479,754)	(19,172,890)	(19,727,054)	(20,303,022)	(19,776,937)	(19,496,001)
Capital Expenditures	(6,483,795)	(8,885,957)	(3,725,542)	(3,741,634)	(3,965,491)	(7,455,846)
OPEB Contribution	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-
<b>Annual Surplus / (Deficit)</b>	<b>\$ (8,845,979)</b>	<b>\$ (8,107,993)</b>	<b>\$ (2,150,233)</b>	<b>\$ (1,279,802)</b>	<b>\$ 583,382</b>	<b>\$ (88,480)</b>
Beginning Cash (Unrestricted)	\$ 30,602,780	\$ 21,756,801	\$ 13,648,808	\$ 11,498,574	\$ 10,218,773	\$ 10,802,155
Annual Surplus / (Deficit)	(8,845,979)	(8,107,993)	(2,150,233)	(1,279,802)	583,382	(88,480)
<b>Ending Cash (Unrestricted)</b>	<b>\$ 21,756,801</b>	<b>\$ 13,648,808</b>	<b>\$ 11,498,574</b>	<b>\$ 10,218,773</b>	<b>\$ 10,802,155</b>	<b>\$ 10,713,675</b>
Reserve Target	\$ (10,910,600)	\$ (10,183,500)	\$ (10,269,200)	\$ (10,361,900)	\$ (10,186,700)	\$ (10,176,400)
<b>Cash Over / (Under) Target</b>	<b>\$ 10,846,201</b>	<b>\$ 3,465,308</b>	<b>\$ 1,229,374</b>	<b>\$ (143,127)</b>	<b>\$ 615,455</b>	<b>\$ 537,275</b>
<b>Proposed Increase to Rate Revenue</b>	<b>0.00%</b>	<b>6.25%</b>	<b>6.25%</b>	<b>6.25%</b>	<b>6.25%</b>	<b>6.25%</b>

1. Includes revenue from rate increase.

# Financial Plan Summary – Alternative #2

Financial Summary	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Rate Revenue <sup>1</sup>	\$ 18,014,800	\$ 18,122,889	\$ 19,918,052	\$ 21,891,034	\$ 24,059,451	\$ 26,284,950
Other Revenues	3,102,770	1,695,284	1,712,071	1,747,437	1,787,093	1,857,974
O&M Expenses	(22,479,754)	(19,172,890)	(19,727,054)	(20,303,022)	(19,776,937)	(19,496,001)
Capital Expenditures	(6,483,795)	(8,885,957)	(3,725,542)	(3,741,634)	(3,965,491)	(7,455,846)
OPEB Contribution	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-
<b>Annual Surplus / (Deficit)</b>	<b>\$ (8,845,979)</b>	<b>\$ (9,240,674)</b>	<b>\$ (2,822,474)</b>	<b>\$ (1,406,185)</b>	<b>\$ 1,104,116</b>	<b>\$ 1,191,076</b>
Beginning Cash (Unrestricted)	\$ 30,602,780	\$ 21,756,801	\$ 12,516,127	\$ 9,693,654	\$ 8,287,469	\$ 9,391,586
Annual Surplus / (Deficit)	(8,845,979)	(9,240,674)	(2,822,474)	(1,406,185)	1,104,116	1,191,076
<b>Ending Cash (Unrestricted)</b>	<b>\$ 21,756,801</b>	<b>\$ 12,516,127</b>	<b>\$ 9,693,654</b>	<b>\$ 8,287,469</b>	<b>\$ 9,391,586</b>	<b>\$ 10,582,662</b>
Reserve Target	\$ (10,910,600)	\$ (10,183,500)	\$ (10,269,200)	\$ (10,361,900)	\$ (10,186,700)	\$ (10,176,400)
<b>Cash Over / (Under) Target</b>	<b>\$ 10,846,201</b>	<b>\$ 2,332,627</b>	<b>\$ (575,546)</b>	<b>\$ (2,074,431)</b>	<b>\$ (795,114)</b>	<b>\$ 406,262</b>
<b>Proposed Increase to Rate Revenue</b>	<b>0.00%</b>	<b>0.00%</b>	<b>9.25%</b>	<b>9.25%</b>	<b>9.25%</b>	<b>9.25%</b>

1. Includes revenue from rate increase.

# Financial Plan Summary – Alternative #3

Financial Summary	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Rate Revenue <sup>1</sup>	\$ 18,014,800	\$ 18,847,804	\$ 19,719,327	\$ 20,631,148	\$ 21,585,133	\$ 22,448,538
Other Revenues	3,102,770	1,695,284	1,717,508	1,771,849	1,822,654	1,872,507
O&M Expenses	(22,479,754)	(19,172,890)	(19,727,054)	(20,303,022)	(19,776,937)	(19,496,001)
Capital Expenditures	(6,483,795)	(8,885,957)	(1,815,922)	(2,102,543)	(3,402,736)	(5,021,370)
OPEB Contribution	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-
<b>Annual Surplus / (Deficit)</b>	<b>\$ (8,845,979)</b>	<b>\$ (8,515,758)</b>	<b>\$ (1,106,142)</b>	<b>\$ (1,002,567)</b>	<b>\$ (771,886)</b>	<b>\$ (196,327)</b>
Beginning Cash (Unrestricted)	\$ 30,602,780	\$ 21,756,801	\$ 13,241,043	\$ 12,134,901	\$ 11,132,334	\$ 10,360,448
Annual Surplus / (Deficit)	(8,845,979)	(8,515,758)	(1,106,142)	(1,002,567)	(771,886)	(196,327)
<b>Ending Cash (Unrestricted)</b>	<b>\$ 21,756,801</b>	<b>\$ 13,241,043</b>	<b>\$ 12,134,901</b>	<b>\$ 11,132,334</b>	<b>\$ 10,360,448</b>	<b>\$ 10,164,121</b>
Reserve Target	\$ (10,910,600)	\$ (10,183,500)	\$ (10,269,200)	\$ (10,361,900)	\$ (10,186,700)	\$ (10,176,400)
<b>Cash Over / (Under) Target</b>	<b>\$ 10,846,201</b>	<b>\$ 3,057,543</b>	<b>\$ 1,865,701</b>	<b>\$ 770,434</b>	<b>\$ 173,748</b>	<b>\$ (12,279)</b>
<b>Proposed Increase to Rate Revenue</b>	<b>0.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>

1. Includes revenue from rate increase.

# Financial Plan Summary – Alternative #4

Financial Summary	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Rate Revenue <sup>1</sup>	\$ 18,014,800	\$ 19,074,340	\$ 20,196,198	\$ 21,384,037	\$ 22,641,739	\$ 23,830,431
Other Revenues	3,102,770	1,695,284	1,719,207	1,759,804	1,812,761	1,870,426
O&M Expenses	(22,479,754)	(19,172,890)	(19,727,054)	(20,303,022)	(19,776,937)	(19,496,001)
Capital Expenditures	(6,483,795)	(8,885,957)	(3,725,542)	(2,430,361)	(3,796,664)	(6,296,572)
OPEB Contribution	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-
<b>Annual Surplus / (Deficit)</b>	<b>\$ (8,845,979)</b>	<b>\$ (8,289,222)</b>	<b>\$ (2,537,192)</b>	<b>\$ (589,542)</b>	<b>\$ (119,101)</b>	<b>\$ (91,717)</b>
Beginning Cash (Unrestricted)	\$ 30,602,780	\$ 21,756,801	\$ 13,467,579	\$ 10,930,387	\$ 10,340,846	\$ 10,221,744
Annual Surplus / (Deficit)	(8,845,979)	(8,289,222)	(2,537,192)	(589,542)	(119,101)	(91,717)
<b>Ending Cash (Unrestricted)</b>	<b>\$ 21,756,801</b>	<b>\$ 13,467,579</b>	<b>\$ 10,930,387</b>	<b>\$ 10,340,846</b>	<b>\$ 10,221,744</b>	<b>\$ 10,130,028</b>
Reserve Target	\$ (10,910,600)	\$ (10,183,500)	\$ (10,269,200)	\$ (10,361,900)	\$ (10,186,700)	\$ (10,176,400)
<b>Cash Over / (Under) Target</b>	<b>\$ 10,846,201</b>	<b>\$ 3,284,079</b>	<b>\$ 661,187</b>	<b>\$ (21,054)</b>	<b>\$ 35,044</b>	<b>\$ (46,372)</b>
<b>Proposed Increase to Rate Revenue</b>	<b>0.00%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>

1. Includes revenue from rate increase.

# Financial Plan Summary – Alternative #5

Financial Summary	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Rate Revenue <sup>1</sup>	\$ 18,014,800	\$ 18,122,889	\$ 19,188,787	\$ 20,317,375	\$ 21,512,341	\$ 22,641,739
Other Revenues	3,102,770	1,695,284	1,712,071	1,757,118	1,816,525	1,872,410
O&M Expenses	(22,479,754)	(19,172,890)	(19,727,054)	(20,303,022)	(19,776,937)	(19,496,001)
Capital Expenditures	(6,483,795)	(8,885,957)	(2,028,102)	(791,271)	(2,839,982)	(5,137,298)
OPEB Contribution	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-
<b>Annual Surplus / (Deficit)</b>	<b>\$ (8,845,979)</b>	<b>\$ (9,240,674)</b>	<b>\$ (1,854,299)</b>	<b>\$ (19,799)</b>	<b>\$ (288,052)</b>	<b>\$ (119,150)</b>
Beginning Cash (Unrestricted)	\$ 30,602,780	\$ 21,756,801	\$ 12,516,127	\$ 10,661,829	\$ 10,642,030	\$ 10,353,978
Annual Surplus / (Deficit)	(8,845,979)	(9,240,674)	(1,854,299)	(19,799)	(288,052)	(119,150)
<b>Ending Cash (Unrestricted)</b>	<b>\$ 21,756,801</b>	<b>\$ 12,516,127</b>	<b>\$ 10,661,829</b>	<b>\$ 10,642,030</b>	<b>\$ 10,353,978</b>	<b>\$ 10,234,827</b>
Reserve Target	\$ (10,910,600)	\$ (10,183,500)	\$ (10,269,200)	\$ (10,361,900)	\$ (10,186,700)	\$ (10,176,400)
<b>Cash Over / (Under) Target</b>	<b>\$ 10,846,201</b>	<b>\$ 2,332,627</b>	<b>\$ 392,629</b>	<b>\$ 280,130</b>	<b>\$ 167,278</b>	<b>\$ 58,427</b>
<b>Proposed Increase to Rate Revenue</b>	<b>0.00%</b>	<b>0.00%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>

1. Includes revenue from rate increase.



# New Rate Alternatives

# Number of Meters by Size & Type

Meter Size and Type	Number of Meters	Percentage of Total
<b>Standard Meters:</b>		
3/4 inch	31,941	91.0%
1 inch	1,700	4.8%
1.5 inch	437	1.2%
2 inch	454	1.3%
3 inch	93	0.3%
4 inch	63	0.2%
6 inch	38	0.1%
8 inch	45	0.1%
10 inch	8	0.0%
<b>Subtotal: Standard Meters</b>	<b>34,779</b>	<b>99.1%</b>
<b>Fire Service Meters:</b>		
3 inch	6	0.0%
4 inch	31	0.1%
6 inch	79	0.2%
8 inch	170	0.5%
10 inch	39	0.1%
<b>Subtotal: Fire Service Meters</b>	<b>325</b>	<b>0.9%</b>
<b>Grand Total: All Meters</b>	<b>35,104</b>	<b>100.0%</b>

# Proposed Rates, Alternative #1

Water Rate Schedule	Current Rates	Proposed Rates - Alternative #1				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		6.25%	6.25%	6.25%	6.25%	6.25%
<b>Fixed Service Charge</b>						
<b>Fixed Periodic Service Charge (Average Daily Use in HCF):</b>						
0.00 - 0.26	\$17.25	N.A.	N.A.	N.A.	N.A.	N.A.
0.27 - 1.17	\$18.25	N.A.	N.A.	N.A.	N.A.	N.A.
1.18 - 6.60	\$36.50	N.A.	N.A.	N.A.	N.A.	N.A.
6.61 and above	\$130.50	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Fixed Service Charges</b>						
3/4 inch	N.A.	\$13.80	\$14.38	\$14.97	\$15.58	\$15.93
1 inch	N.A.	\$21.79	\$22.70	\$23.64	\$24.59	\$25.15
1.5 inch	N.A.	\$41.76	\$43.51	\$45.30	\$47.13	\$48.19
2 inch	N.A.	\$65.72	\$68.48	\$71.29	\$74.17	\$75.84
3 inch	N.A.	\$129.62	\$135.05	\$140.61	\$146.28	\$149.59
4 inch	N.A.	\$201.51	\$209.95	\$218.59	\$227.41	\$232.55
6 inch	N.A.	\$401.19	\$418.01	\$435.21	\$452.77	\$462.99
8 inch	N.A.	\$1,120.06	\$1,167.00	\$1,215.02	\$1,264.05	\$1,292.58
10 inch	N.A.	\$1,679.18	\$1,749.55	\$1,821.55	\$1,895.05	\$1,937.82
<b>Fire Fixed Service Charges:</b>						
3 inch	\$10.00	\$10.69	\$11.32	\$11.98	\$12.69	\$13.32
4 inch	\$10.00	\$19.39	\$20.56	\$21.80	\$23.12	\$24.34
6 inch	\$10.00	\$41.76	\$44.33	\$47.05	\$49.95	\$52.68
8 inch	\$10.00	\$71.58	\$76.02	\$80.72	\$85.72	\$90.46
10 inch	\$10.00	\$111.35	\$118.26	\$125.61	\$133.41	\$140.83
<b>Commodity Charges for All Water Consumed (per hcf)</b>						
<b>Rate Per hcf of Water Consumed:</b>						
Standard Domestic Water	\$1.530	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Public Benefit Use Water (Municipal Irrigation)	\$0.610	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Construction Flow Meter/Filler Spout Water/Intertie	\$2.470	\$2.941	\$3.124	\$3.320	\$3.527	\$3.725

# Proposed Rates, Alternative #1 (cont'd.)

Drought Rate Schedule	Current Rates	Proposed Rates - Alternative #1				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		6.25%	6.25%	6.25%	6.25%	6.25%
<b>Rates for Standard Domestic &amp; Public Benefit Use Water Consumed (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$1.885	\$2.029	\$2.183	\$2.350	\$2.529
45%	N.A.	\$2.052	\$2.207	\$2.376	\$2.557	\$2.752
50%	N.A.	\$2.251	\$2.422	\$2.607	\$2.806	\$3.020
55%	N.A.	\$2.495	\$2.684	\$2.889	\$3.110	\$3.348
60%	N.A.	\$2.799	\$3.011	\$3.242	\$3.490	\$3.757
<b>Rates for Construction Flow Meter/Filler Spout Water/Inertie (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$3.316	\$3.520	\$3.737	\$3.967	\$4.185
45%	N.A.	\$3.612	\$3.834	\$4.070	\$4.321	\$4.558
50%	N.A.	\$3.967	\$4.211	\$4.471	\$4.746	\$5.007
55%	N.A.	\$4.402	\$4.672	\$4.960	\$5.266	\$5.555
60%	N.A.	\$4.944	\$5.248	\$5.571	\$5.915	\$6.240

1. Drought surcharges will apply to all consumption, if conservation is at or above 40% from FY 2013/14 baseline consumption levels.

# Proposed Rates, Alternative #2

Water Rate Schedule	Current Rates	Proposed Rates - Alternative #2				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		0.00%	9.25%	9.25%	9.25%	9.25%
<b>Fixed Service Charge</b>						
<b>Fixed Periodic Service Charge (Average Daily Use in HCF):</b>						
0.00 - 0.26	\$17.25	N.A.	N.A.	N.A.	N.A.	N.A.
0.27 - 1.17	\$18.25	N.A.	N.A.	N.A.	N.A.	N.A.
1.18 - 6.60	\$36.50	N.A.	N.A.	N.A.	N.A.	N.A.
6.61 and above	\$130.50	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Fixed Service Charges</b>						
3/4 inch	N.A.	\$11.76	\$13.19	\$14.78	\$16.54	\$18.22
1 inch	N.A.	\$18.57	\$20.83	\$23.33	\$26.11	\$28.76
1.5 inch	N.A.	\$35.58	\$39.91	\$44.72	\$50.04	\$55.11
2 inch	N.A.	\$56.00	\$62.81	\$70.37	\$78.76	\$86.74
3 inch	N.A.	\$110.46	\$123.89	\$138.80	\$155.34	\$171.07
4 inch	N.A.	\$171.71	\$192.60	\$215.78	\$241.49	\$265.95
6 inch	N.A.	\$341.87	\$383.45	\$429.60	\$480.80	\$529.50
8 inch	N.A.	\$954.45	\$1,070.53	\$1,199.37	\$1,342.30	\$1,478.27
10 inch	N.A.	\$1,430.90	\$1,604.93	\$1,798.08	\$2,012.36	\$2,216.20
<b>Fire Fixed Service Charges:</b>						
3 inch	\$10.00	\$9.89	\$10.85	\$11.91	\$13.07	\$14.23
4 inch	\$10.00	\$18.07	\$19.80	\$21.68	\$23.74	\$25.82
6 inch	\$10.00	\$39.13	\$42.79	\$46.81	\$51.19	\$55.63
8 inch	\$10.00	\$67.19	\$73.46	\$80.31	\$87.79	\$95.38
10 inch	\$10.00	\$104.62	\$114.35	\$124.98	\$136.59	\$148.37
<b>Commodity Charges for All Water Consumed (per hcf)</b>						
<b>Rate Per hcf of Water Consumed:</b>						
Standard Domestic Water	\$1.530	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Public Benefit Use Water (Municipal Irrigation)	\$0.610	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Construction Flow Meter/Filler Spout Water/Intertie	\$2.470	\$2.768	\$3.024	\$3.303	\$3.609	\$3.919

# Proposed Rates, Alternative #2 (cont'd.)

Drought Rate Schedule	Current Rates	Proposed Rates - Alternative #2				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		0.00%	9.25%	9.25%	9.25%	9.25%
<b>Rates for Standard Domestic &amp; Public Benefit Use Water Consumed (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$1.885	\$2.029	\$2.183	\$2.350	\$2.529
45%	N.A.	\$2.052	\$2.207	\$2.376	\$2.557	\$2.752
50%	N.A.	\$2.251	\$2.422	\$2.607	\$2.806	\$3.020
55%	N.A.	\$2.495	\$2.684	\$2.889	\$3.110	\$3.348
60%	N.A.	\$2.799	\$3.011	\$3.242	\$3.490	\$3.757
<b>Rates for Construction Flow Meter/Filler Spout Water/Inertie (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$3.108	\$3.399	\$3.717	\$4.065	\$4.417
45%	N.A.	\$3.385	\$3.702	\$4.049	\$4.428	\$4.812
50%	N.A.	\$3.718	\$4.066	\$4.447	\$4.864	\$5.286
55%	N.A.	\$4.125	\$4.510	\$4.934	\$5.397	\$5.865
60%	N.A.	\$4.633	\$5.066	\$5.542	\$6.062	\$6.589

1. Drought surcharges will apply to all consumption, if conservation is at or above 40% from FY 2013/14 baseline consumption levels.

# Proposed Rates, Alternative #3

Water Rate Schedule	Current Rates	Proposed Rates - Alternative #3				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Fixed Service Charge</b>						
<b>Fixed Periodic Service Charge (Average Daily Use in HCF):</b>						
0.00 - 0.26	\$17.25	N.A.	N.A.	N.A.	N.A.	N.A.
0.27 - 1.17	\$18.25	N.A.	N.A.	N.A.	N.A.	N.A.
1.18 - 6.60	\$36.50	N.A.	N.A.	N.A.	N.A.	N.A.
6.61 and above	\$130.50	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Fixed Service Charges</b>						
3/4 inch	N.A.	\$13.07	\$12.84	\$12.54	\$12.16	\$11.47
1 inch	N.A.	\$20.63	\$20.26	\$19.79	\$19.20	\$18.10
1.5 inch	N.A.	\$39.54	\$38.84	\$37.93	\$36.80	\$34.70
2 inch	N.A.	\$62.22	\$61.12	\$59.69	\$57.91	\$54.60
3 inch	N.A.	\$122.72	\$120.55	\$117.73	\$114.22	\$107.69
4 inch	N.A.	\$190.78	\$187.40	\$183.03	\$177.56	\$167.42
6 inch	N.A.	\$379.84	\$373.11	\$364.40	\$353.52	\$333.33
8 inch	N.A.	\$1,060.44	\$1,041.65	\$1,017.35	\$986.96	\$930.60
10 inch	N.A.	\$1,589.80	\$1,561.63	\$1,525.20	\$1,479.63	\$1,395.14
<b>Fire Fixed Service Charges:</b>						
3 inch	\$10.00	\$10.40	\$10.71	\$11.02	\$11.34	\$11.56
4 inch	\$10.00	\$18.92	\$19.57	\$20.23	\$20.91	\$21.46
6 inch	\$10.00	\$40.81	\$42.33	\$43.91	\$45.54	\$46.92
8 inch	\$10.00	\$70.00	\$72.69	\$75.48	\$78.38	\$80.87
10 inch	\$10.00	\$108.92	\$113.17	\$117.58	\$122.16	\$126.13
<b>Commodity Charges for All Water Consumed (per hcf)</b>						
<b>Rate Per hcf of Water Consumed:</b>						
Standard Domestic Water	\$1.530	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Public Benefit Use Water (Municipal Irrigation)	\$0.610	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Construction Flow Meter/Filler Spout Water/Intertie	\$2.470	\$2.878	\$2.993	\$3.113	\$3.238	\$3.347

# Proposed Rates, Alternative #3 (cont'd.)

Drought Rate Schedule	Current Rates	Proposed Rates - Alternative #3				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Rates for Standard Domestic &amp; Public Benefit Use Water Consumed (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$1.885	\$2.029	\$2.183	\$2.350	\$2.529
45%	N.A.	\$2.052	\$2.207	\$2.376	\$2.557	\$2.752
50%	N.A.	\$2.251	\$2.422	\$2.607	\$2.806	\$3.020
55%	N.A.	\$2.495	\$2.684	\$2.889	\$3.110	\$3.348
60%	N.A.	\$2.799	\$3.011	\$3.242	\$3.490	\$3.757
<b>Rates for Construction Flow Meter/Filler Spout Water/Inertie (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$3.241	\$3.363	\$3.489	\$3.620	\$3.731
45%	N.A.	\$3.530	\$3.662	\$3.800	\$3.942	\$4.063
50%	N.A.	\$3.877	\$4.022	\$4.173	\$4.330	\$4.462
55%	N.A.	\$4.302	\$4.462	\$4.630	\$4.803	\$4.950
60%	N.A.	\$4.832	\$5.012	\$5.200	\$5.394	\$5.559

1. Drought surcharges will apply to all consumption, if conservation is at or above 40% from FY 2013/14 baseline consumption levels.



# Proposed Rates, Alternative #4

Water Rate Schedule	Current Rates	Proposed Rates - Alternative #4				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		5.25%	5.25%	5.25%	5.25%	5.25%
<b>Fixed Service Charge</b>						
<b>Fixed Periodic Service Charge (Average Daily Use in HCF):</b>						
0.00 - 0.26	\$17.25	N.A.	N.A.	N.A.	N.A.	N.A.
0.27 - 1.17	\$18.25	N.A.	N.A.	N.A.	N.A.	N.A.
1.18 - 6.60	\$36.50	N.A.	N.A.	N.A.	N.A.	N.A.
6.61 and above	\$130.50	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Fixed Service Charges</b>						
3/4 inch	N.A.	\$13.48	\$13.69	\$13.88	\$14.03	\$13.90
1 inch	N.A.	\$21.27	\$21.61	\$21.91	\$22.15	\$21.94
1.5 inch	N.A.	\$40.77	\$41.42	\$41.98	\$42.45	\$42.05
2 inch	N.A.	\$64.17	\$65.19	\$66.08	\$66.81	\$66.18
3 inch	N.A.	\$126.55	\$128.57	\$130.32	\$131.78	\$130.52
4 inch	N.A.	\$196.74	\$199.87	\$202.60	\$204.86	\$202.91
6 inch	N.A.	\$391.70	\$397.93	\$403.36	\$407.87	\$403.99
8 inch	N.A.	\$1,093.57	\$1,110.96	\$1,126.12	\$1,138.70	\$1,127.87
10 inch	N.A.	\$1,639.46	\$1,665.53	\$1,688.27	\$1,707.12	\$1,690.89
<b>Fire Fixed Service Charges:</b>						
3 inch	\$10.00	\$10.56	\$11.05	\$11.55	\$12.07	\$12.52
4 inch	\$10.00	\$19.18	\$20.12	\$21.10	\$22.12	\$23.03
6 inch	\$10.00	\$41.34	\$43.44	\$45.64	\$47.95	\$50.06
8 inch	\$10.00	\$70.88	\$74.53	\$78.37	\$82.40	\$86.09
10 inch	\$10.00	\$110.27	\$115.99	\$122.00	\$128.32	\$134.14
<b>Commodity Charges for All Water Consumed (per hcf)</b>						
<b>Rate Per hcf of Water Consumed:</b>						
Standard Domestic Water	\$1.530	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Public Benefit Use Water (Municipal Irrigation)	\$0.610	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Construction Flow Meter/Filler Spout Water/Intertie	\$2.470	\$2.913	\$3.066	\$3.227	\$3.396	\$3.553

# Proposed Rates, Alternative #4 (cont'd.)

Drought Rate Schedule	Current Rates	Proposed Rates - Alternative #4				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		5.25%	5.25%	5.25%	5.25%	5.25%
<b>Rates for Standard Domestic &amp; Public Benefit Use Water Consumed (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$1.885	\$2.029	\$2.183	\$2.350	\$2.529
45%	N.A.	\$2.052	\$2.207	\$2.376	\$2.557	\$2.752
50%	N.A.	\$2.251	\$2.422	\$2.607	\$2.806	\$3.020
55%	N.A.	\$2.495	\$2.684	\$2.889	\$3.110	\$3.348
60%	N.A.	\$2.799	\$3.011	\$3.242	\$3.490	\$3.757
<b>Rates for Construction Flow Meter/Filler Spout Water/Inertie (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$3.282	\$3.449	\$3.625	\$3.810	\$3.978
45%	N.A.	\$3.575	\$3.757	\$3.949	\$4.150	\$4.333
50%	N.A.	\$3.927	\$4.127	\$4.337	\$4.558	\$4.759
55%	N.A.	\$4.357	\$4.578	\$4.811	\$5.056	\$5.279
60%	N.A.	\$4.895	\$5.142	\$5.404	\$5.680	\$5.930

1. Drought surcharges will apply to all consumption, if conservation is at or above 40% from FY 2013/14 baseline consumption levels.

# Proposed Rates, Alternative #5

Water Rate Schedule	Current Rates	Proposed Rates - Alternative #5				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		0.00%	5.25%	5.25%	5.25%	5.25%
<b>Fixed Service Charge</b>						
<b>Fixed Periodic Service Charge (Average Daily Use in HCF):</b>						
0.00 - 0.26	\$17.25	N.A.	N.A.	N.A.	N.A.	N.A.
0.27 - 1.17	\$18.25	N.A.	N.A.	N.A.	N.A.	N.A.
1.18 - 6.60	\$36.50	N.A.	N.A.	N.A.	N.A.	N.A.
6.61 and above	\$130.50	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Fixed Service Charges</b>						
3/4 inch	N.A.	\$11.76	\$11.89	\$11.98	\$12.03	\$11.81
1 inch	N.A.	\$18.57	\$18.76	\$18.91	\$19.00	\$18.64
1.5 inch	N.A.	\$35.58	\$35.96	\$36.24	\$36.41	\$35.72
2 inch	N.A.	\$56.00	\$56.60	\$57.03	\$57.30	\$56.22
3 inch	N.A.	\$110.46	\$111.62	\$112.49	\$113.01	\$110.89
4 inch	N.A.	\$171.71	\$173.53	\$174.87	\$175.68	\$172.38
6 inch	N.A.	\$341.87	\$345.49	\$348.17	\$349.77	\$343.21
8 inch	N.A.	\$954.45	\$964.54	\$972.02	\$976.50	\$958.18
10 inch	N.A.	\$1,430.90	\$1,446.03	\$1,457.24	\$1,463.96	\$1,436.49
<b>Fire Fixed Service Charges:</b>						
3 inch	\$10.00	\$9.89	\$10.33	\$10.80	\$11.28	\$11.69
4 inch	\$10.00	\$18.07	\$18.95	\$19.87	\$20.83	\$21.68
6 inch	\$10.00	\$39.13	\$41.11	\$43.19	\$45.37	\$47.36
8 inch	\$10.00	\$67.19	\$70.65	\$74.28	\$78.10	\$81.60
10 inch	\$10.00	\$104.62	\$110.04	\$115.74	\$121.73	\$127.25
<b>Commodity Charges for All Water Consumed (per hcf)</b>						
<b>Rate Per hcf of Water Consumed:</b>						
Standard Domestic Water	\$1.530	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Public Benefit Use Water (Municipal Irrigation)	\$0.610	\$1.749	\$1.882	\$2.025	\$2.180	\$2.346
Construction Flow Meter/Filler Spout Water/Intertie	\$2.470	\$2.768	\$2.913	\$3.066	\$3.227	\$3.376

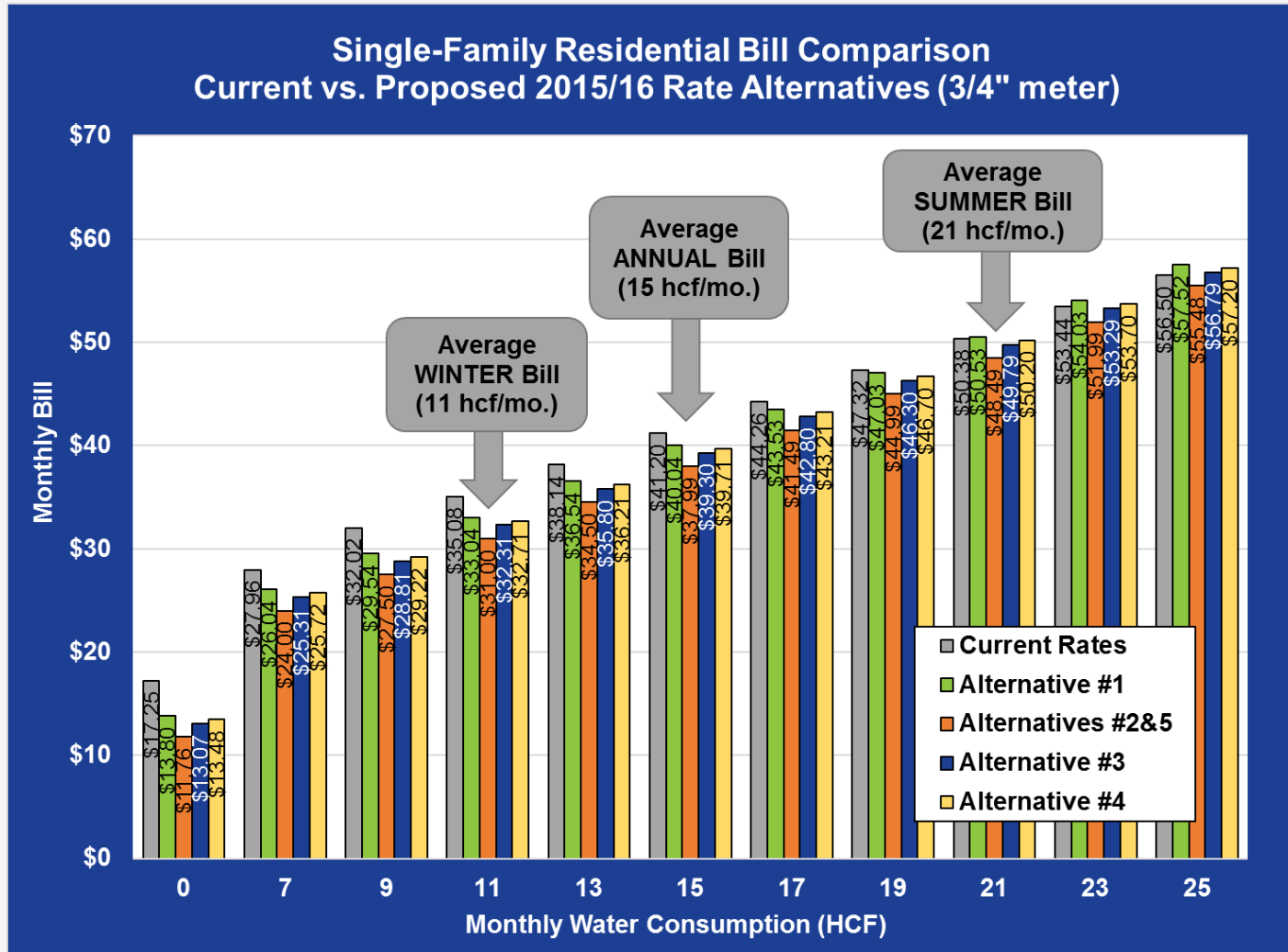
# Proposed Rates, Alternative #5 (cont'd.)

Drought Rate Schedule	Current Rates	Proposed Rates - Alternative #5				
		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		0.00%	5.25%	5.25%	5.25%	5.25%
<b>Rates for Standard Domestic &amp; Public Benefit Use Water Consumed (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$1.885	\$2.029	\$2.183	\$2.350	\$2.529
45%	N.A.	\$2.052	\$2.207	\$2.376	\$2.557	\$2.752
50%	N.A.	\$2.251	\$2.422	\$2.607	\$2.806	\$3.020
55%	N.A.	\$2.495	\$2.684	\$2.889	\$3.110	\$3.348
60%	N.A.	\$2.799	\$3.011	\$3.242	\$3.490	\$3.757
<b>Rates for Construction Flow Meter/Filler Spout Water/Inertie (per hcf)<sup>1</sup></b>						
<b>Conservation Level Compared to FY 2013/14</b>						
40%	N.A.	\$3.108	\$3.266	\$3.432	\$3.607	\$3.765
45%	N.A.	\$3.385	\$3.557	\$3.738	\$3.928	\$4.101
50%	N.A.	\$3.718	\$3.906	\$4.105	\$4.314	\$4.504
55%	N.A.	\$4.125	\$4.333	\$4.554	\$4.785	\$4.996
60%	N.A.	\$4.633	\$4.867	\$5.115	\$5.375	\$5.611

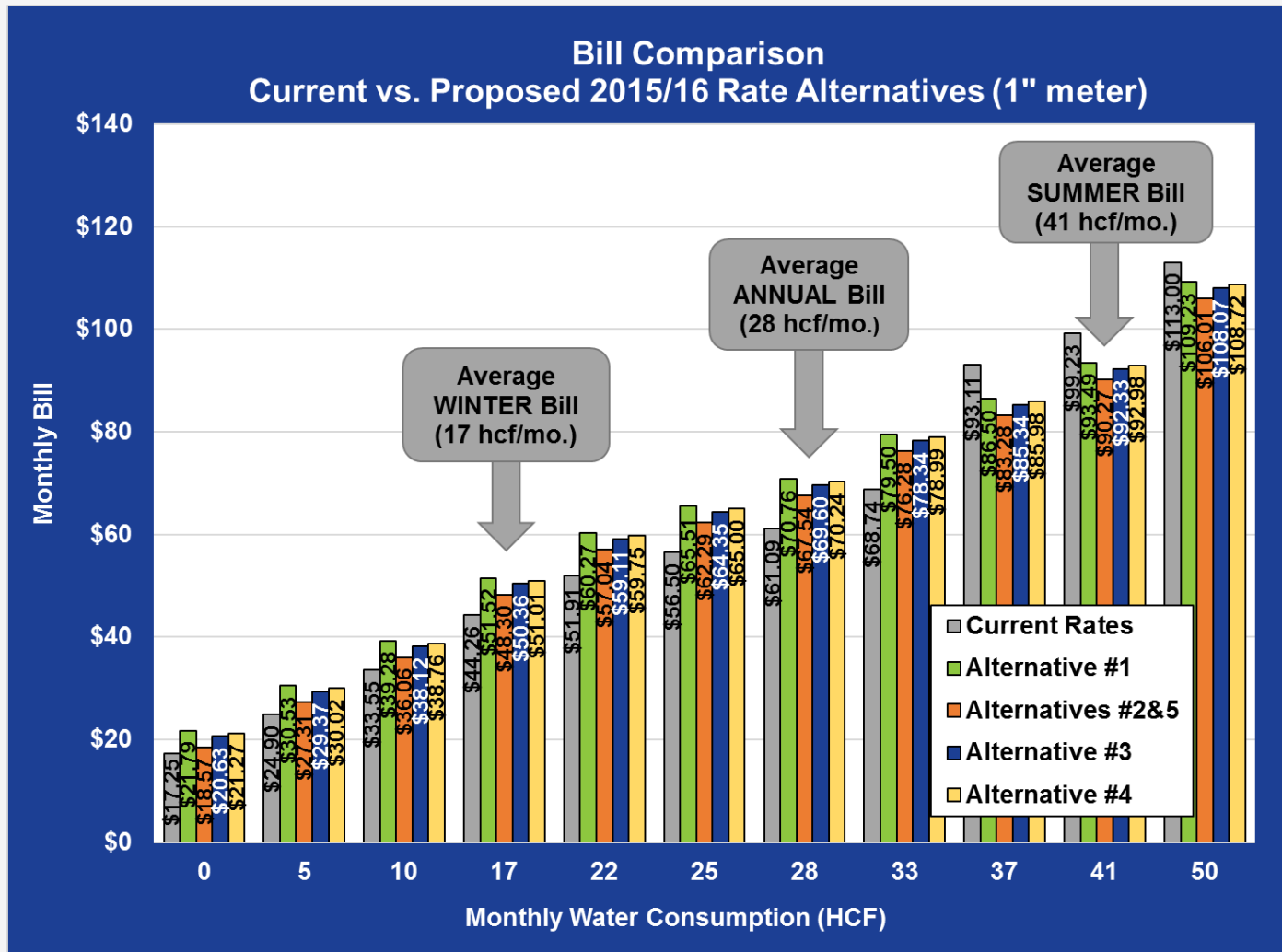
1. Drought surcharges will apply to all consumption, if conservation is at or above 40% from FY 2013/14 baseline consumption levels.

# Bill Comparisons

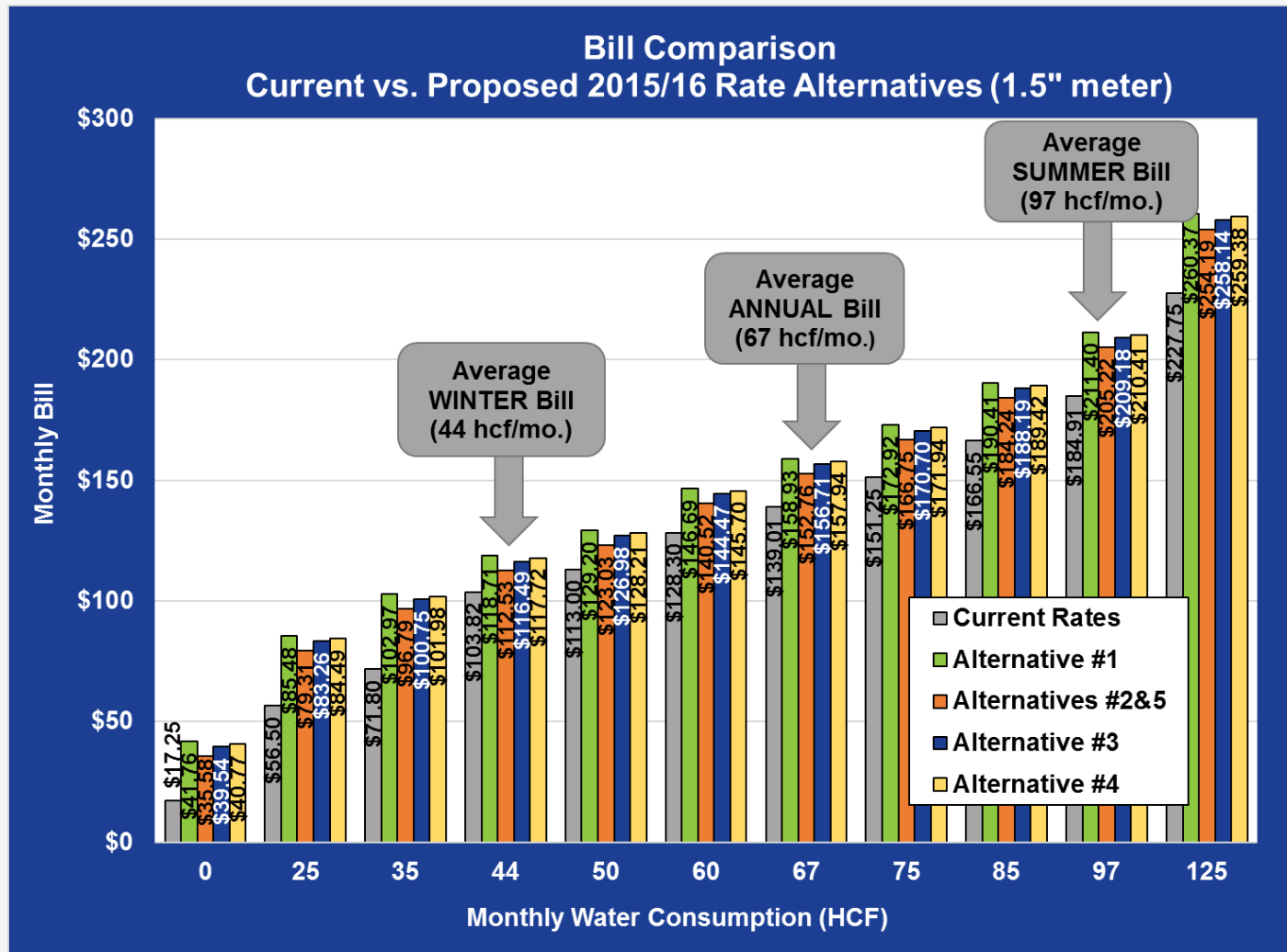
# Bill Comparisons



# Bill Comparisons, continued

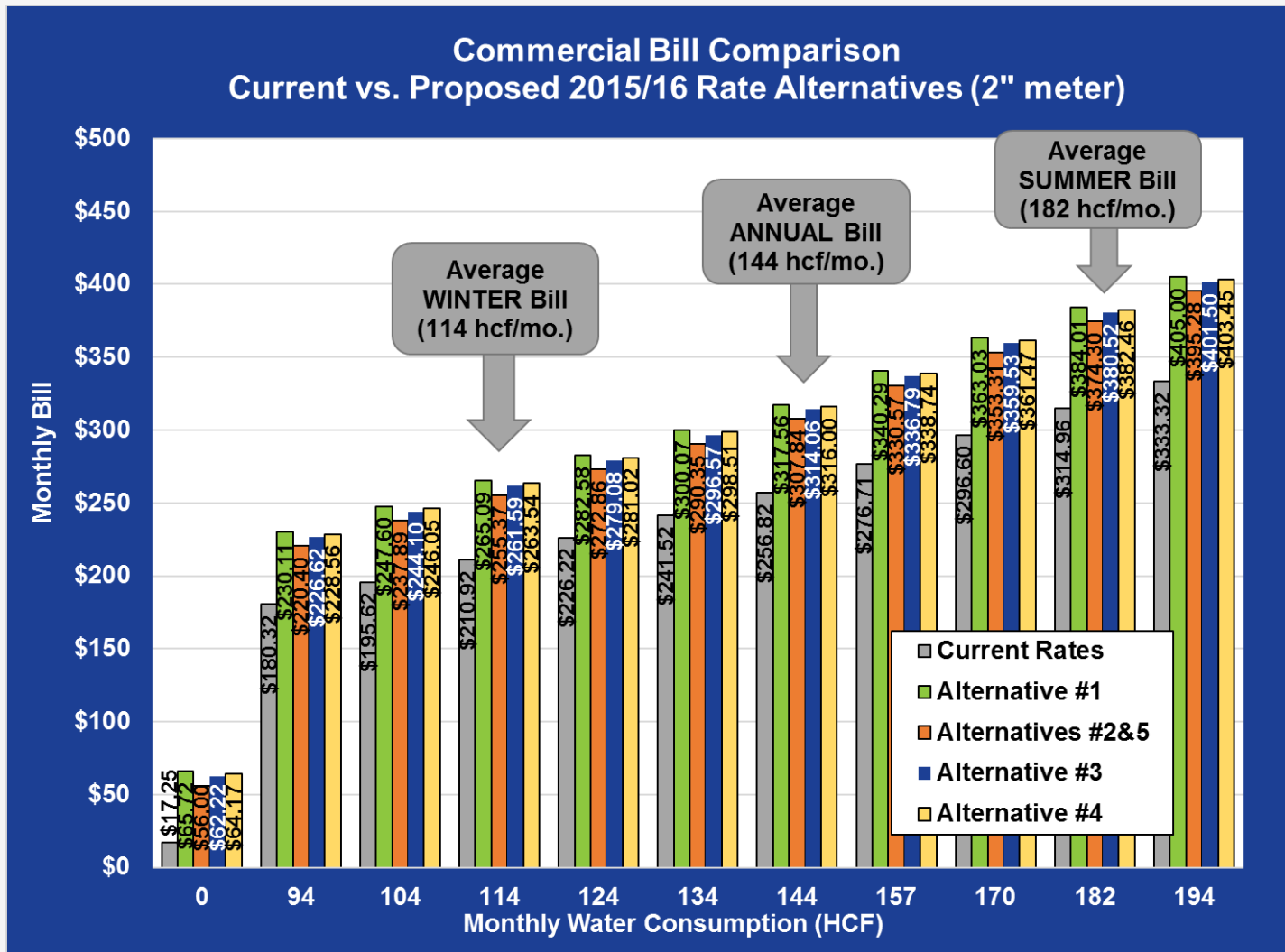


# Bill Comparisons, continued

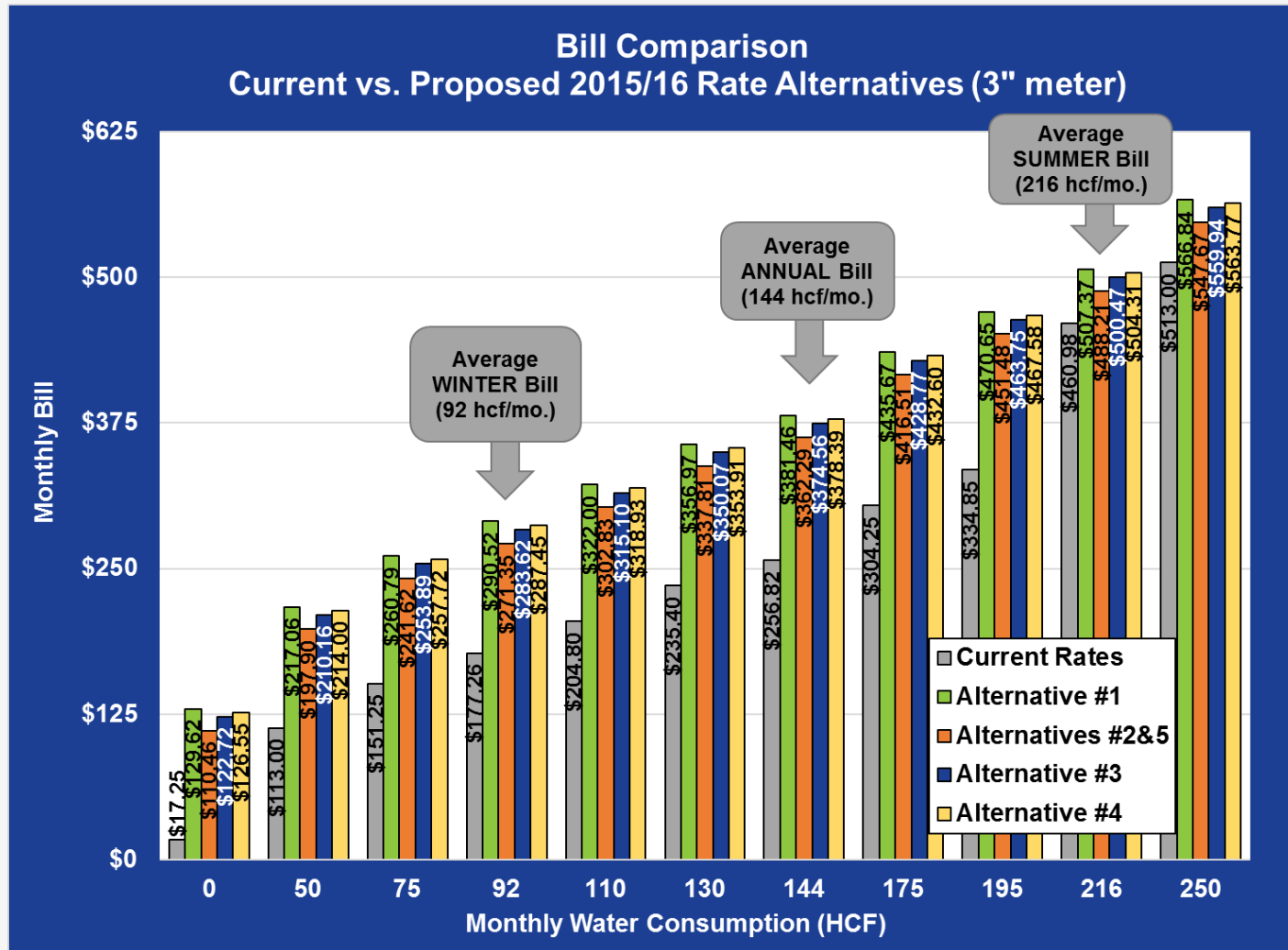




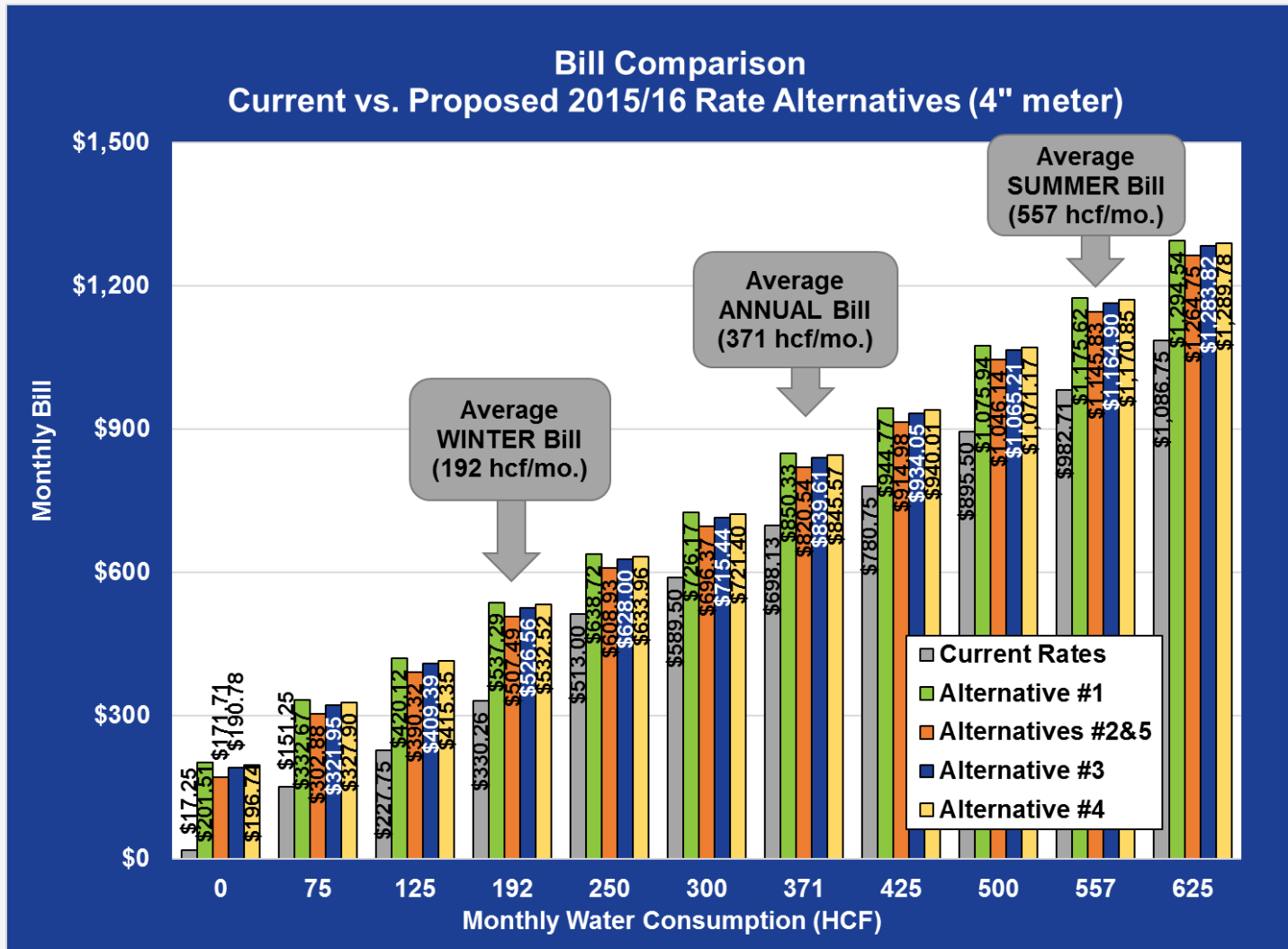
# Bill Comparisons, continued



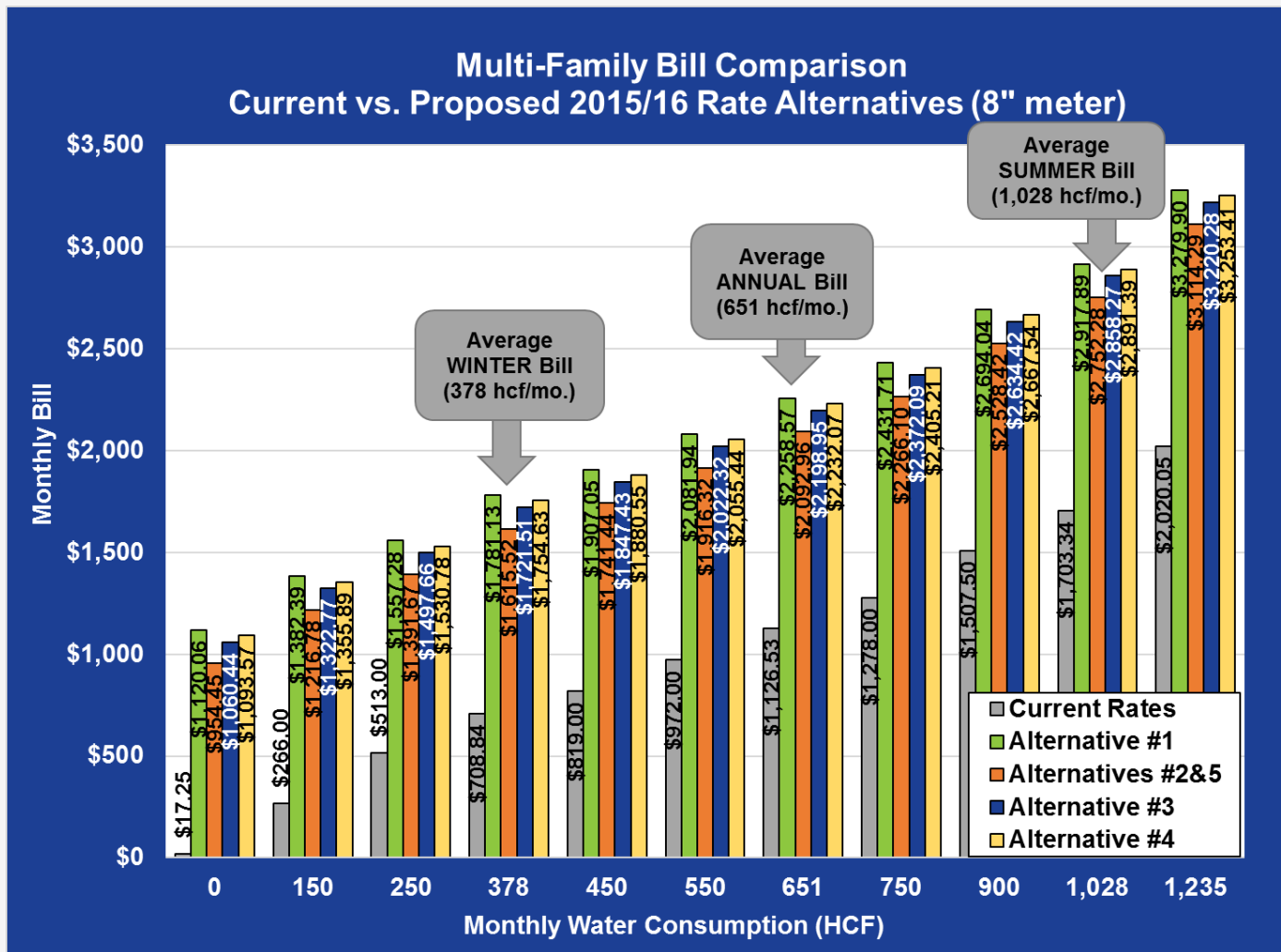
# Bill Comparisons, continued



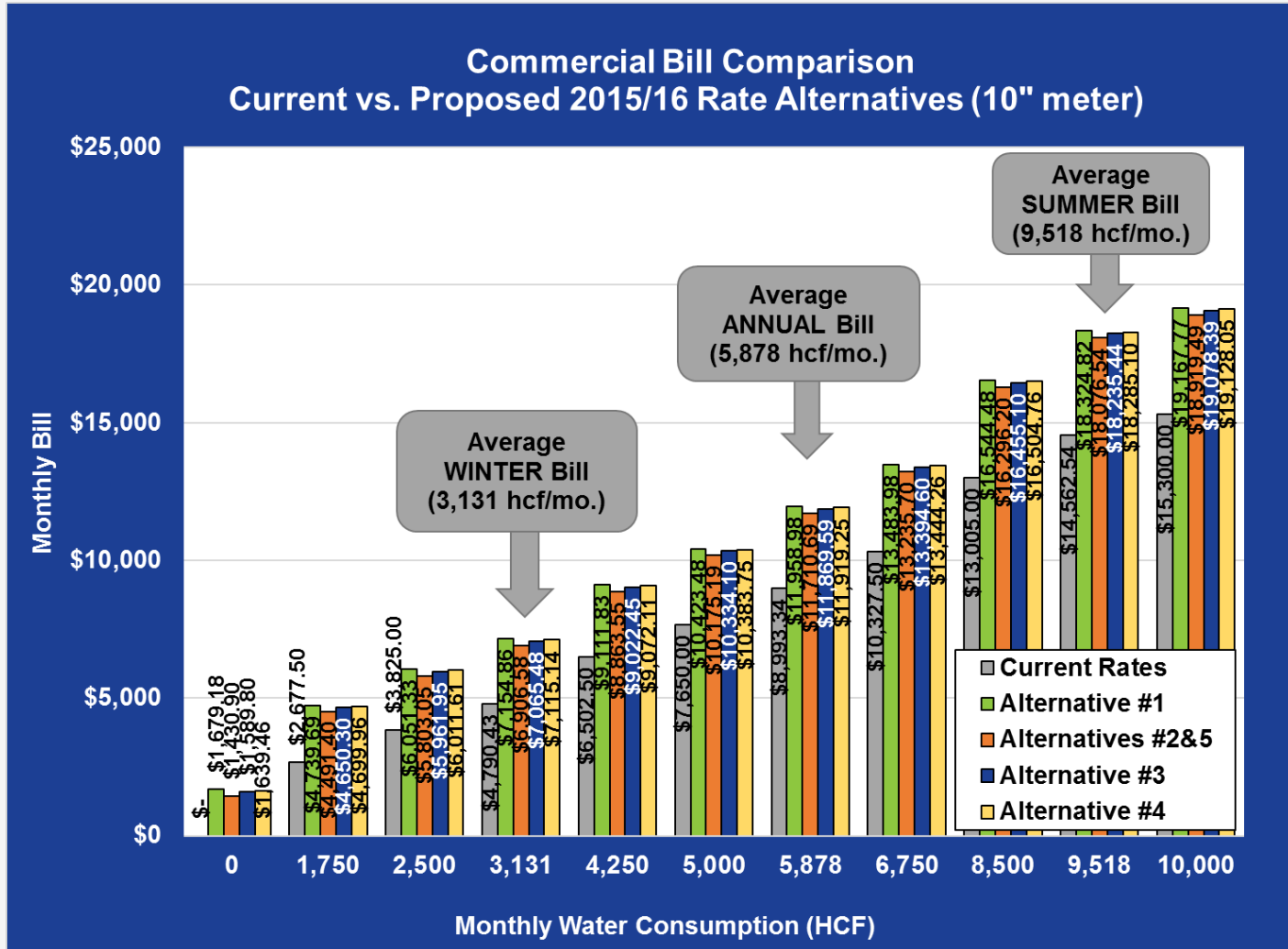
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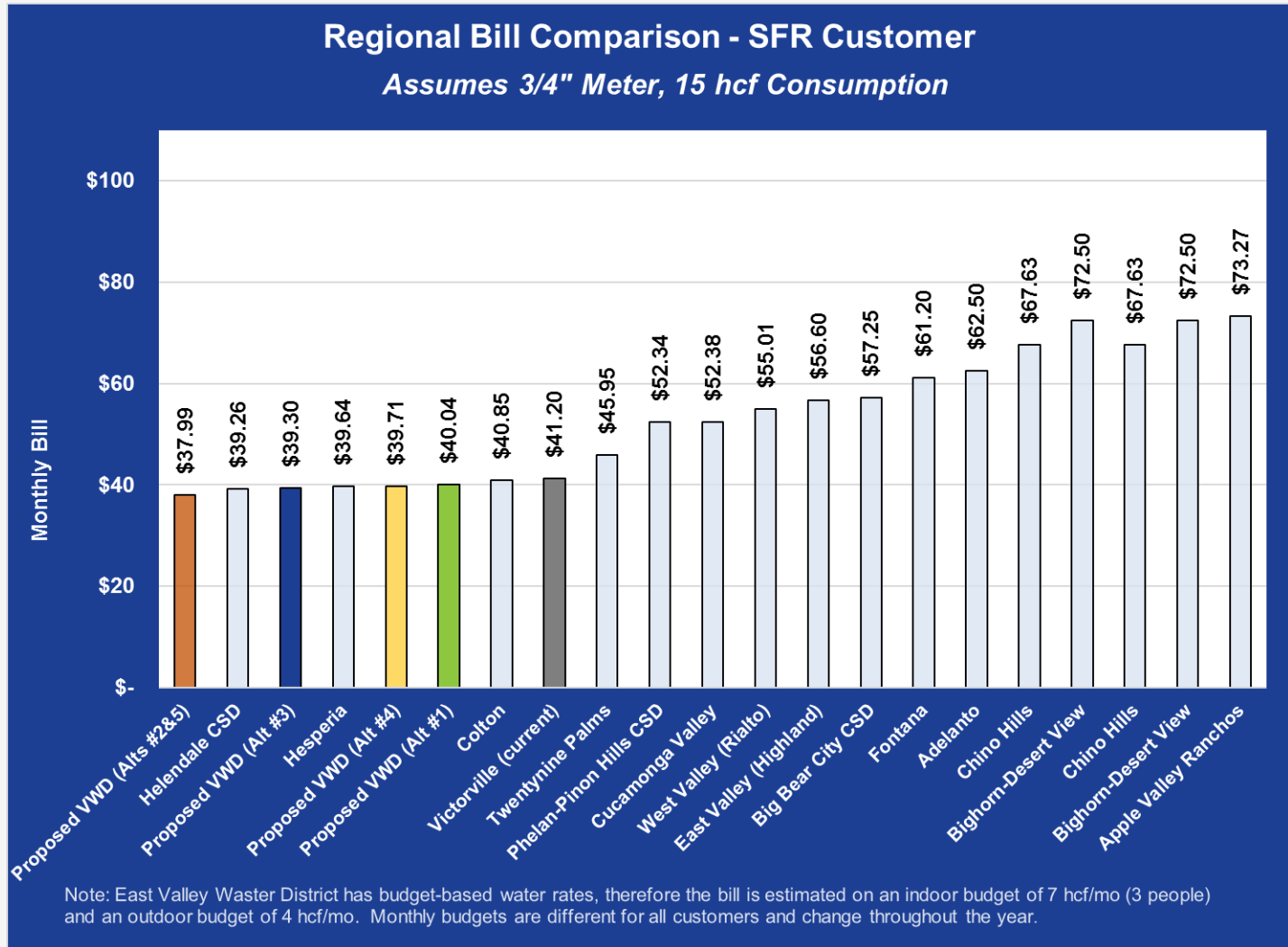
# Bill Comparisons, continued



# Bill Comparisons, continued



# Bill Comparisons, continued



# Bill Comparisons, continued

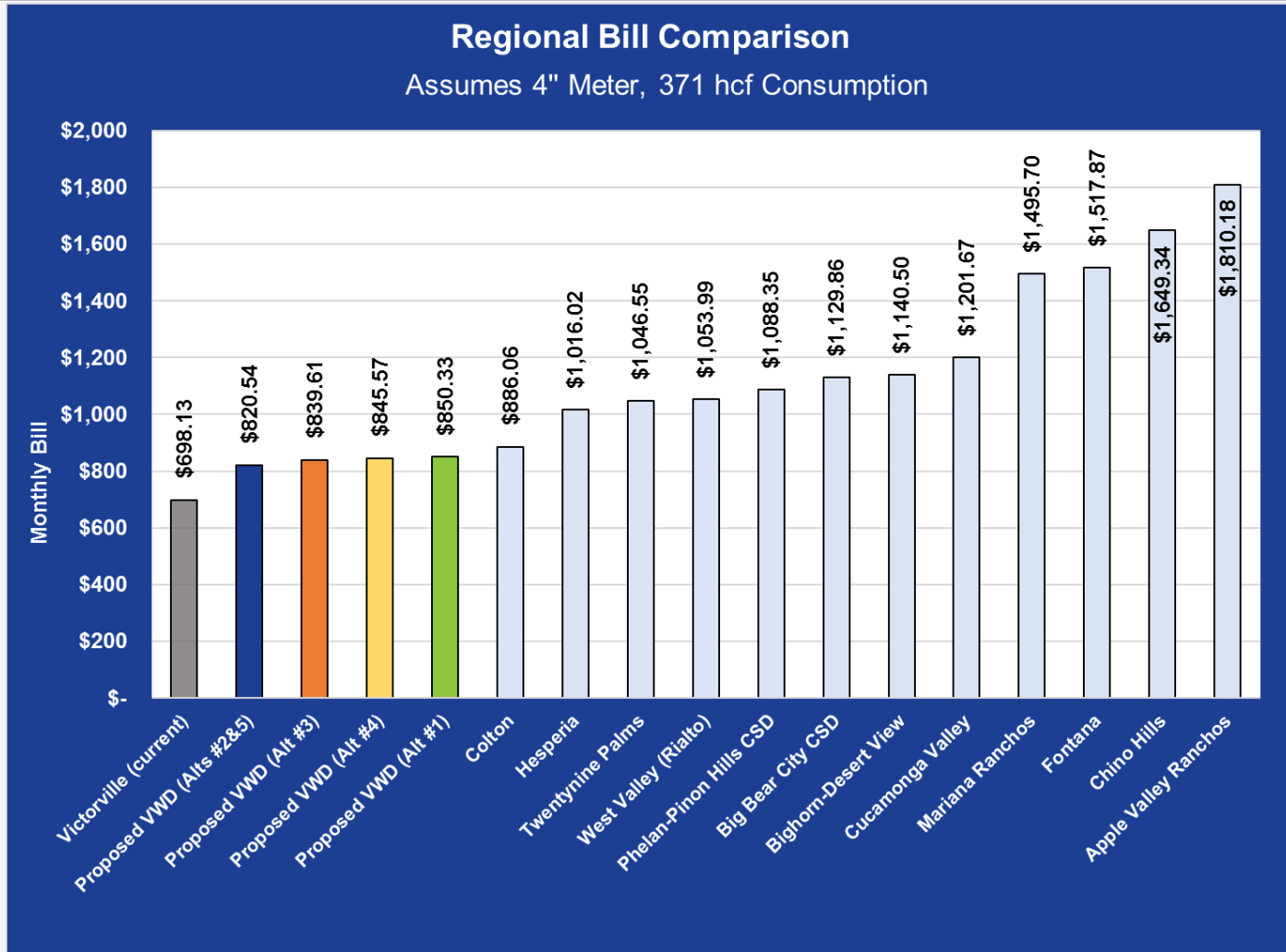
Agency	4 inch
West Valley (Rialto)	\$128.56
Proposed VWD (Alt #2 or #5)	\$171.71
Proposed VWD (Alt #3)	\$190.78
Proposed VWD (Alt #4)	\$196.74
Proposed VWD (Alt #1)	\$201.51
Cucamonga Valley	\$252.90
Fontana	\$348.00
Hesperia	\$392.74
Apple Valley Ranchos	\$580.71

Agency	6 inch
West Valley (Rialto)	\$195.05
Proposed VWD (Alt #2 or #5)	\$341.87
Proposed VWD (Alt #3)	\$379.84
Proposed VWD (Alt #4)	\$391.70
Proposed VWD (Alt #1)	\$401.16
Cucamonga Valley	\$505.80
Fontana	\$691.00
Hesperia	\$785.47
Apple Valley Ranchos	\$1,161.41

Agency	8 inch
West Valley (Rialto)	\$261.48
Cucamonga Valley	\$809.29
Proposed VWD (Alt #2 or #5)	\$954.45
Proposed VWD (Alt #3)	\$1,060.44
Proposed VWD (Alt #4)	\$1,093.57
Fontana	\$1,111.00
Proposed VWD (Alt #1)	\$1,120.06
Hesperia	\$1,256.76
Apple Valley Ranchos	\$1,858.26

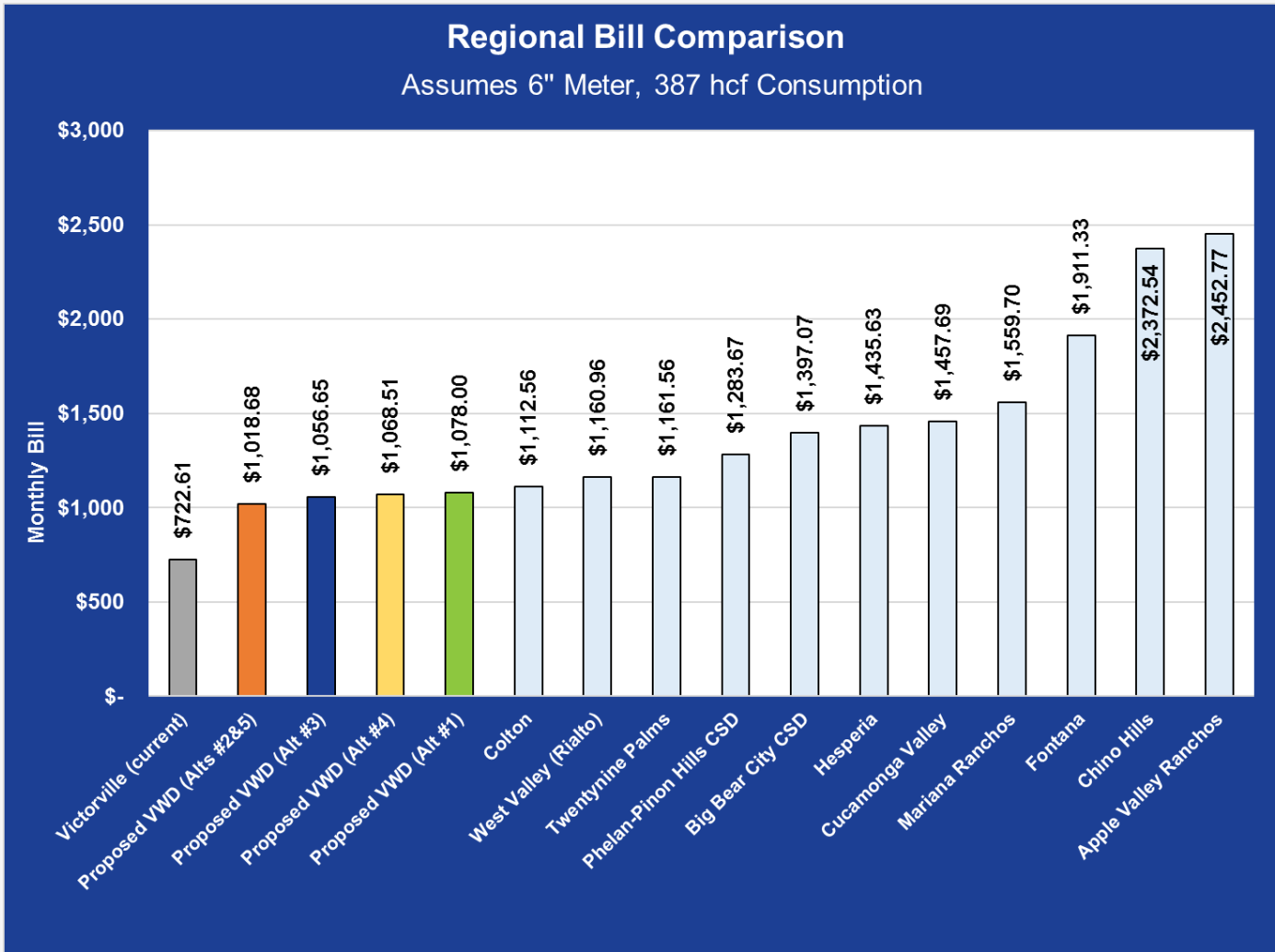
Agency	10 inch
Cucamonga Valley	\$1,213.93
Proposed VWD (Alt #2 or #5)	\$1,430.90
Proposed VWD (Alt #3)	\$1,589.80
Fontana	\$1,601.00
Proposed VWD (Alt #4)	\$1,639.46
Proposed VWD (Alt #1)	\$1,679.18
Apple Valley Ranchos	\$3,368.10
Hesperia	--
West Valley (Rialto)	--

# Bill Comparisons, continued

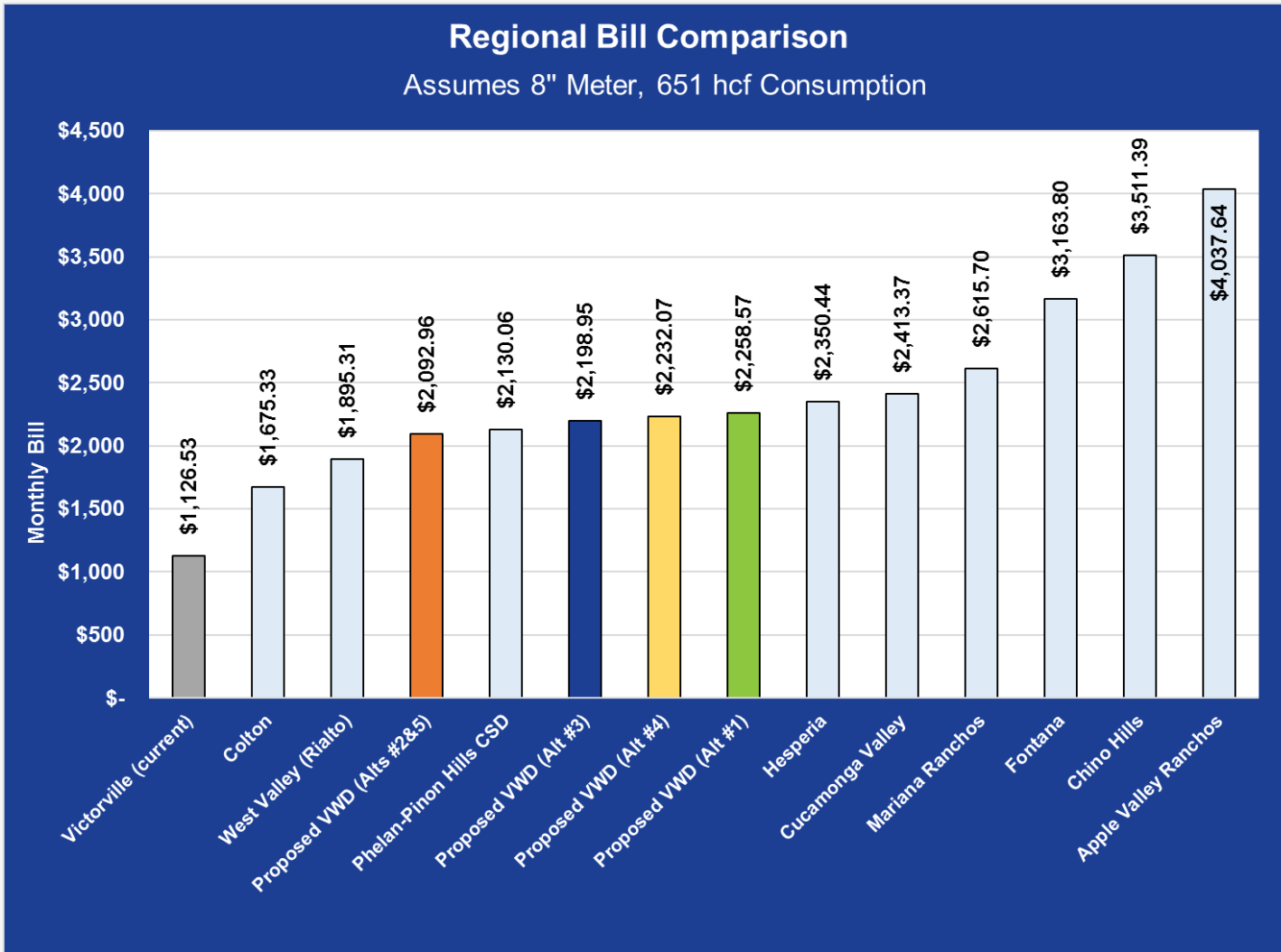




# Bill Comparisons, continued



# Bill Comparisons, continued



# Next Steps

## Goals for Today:

- Answer questions and gather feedback on the financial plans and rate alternatives.
- Select a rate alternative and direct Staff and Consultant to bring the formal item back to the Board for approval.

## Additional Steps Required to Adopt New Rates:

1. Present water rate proposal to the Board of Directors.
2. Receive approval to move forward with the Proposition 218 notice and hearing requirements.
3. Mail public notices and conduct public hearing no less than 45-days later.

# QUESTIONS & COMMENTS

